

Message Text

CONFIDENTIAL

PAGE 01 NASSAU 01077 071615Z

65

ACTION ARA-10

INFO OCT-01 ISO-00 SS-15 SP-02 L-03 EB-07 INR-07 /045 W

----- 041235

R 071431Z JUL 76

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 8375

C O N F I D E N T I A L NASSAU 1077

E.O. 11652: GDS

TAGS: PFOR, PINT, BF

SUBJ: INTERCONTINENTAL DIVERSIFIED COMPANY AND SEC
INVESTIGATION

REF: NASSAU 0925

1. AMB LEARNED IN CONVERSATION WITH NEW HEAD OF IDC -
EDWARD ST. GEORGE AND WITH JACK HAYWARD (CHAIRMAN OF
FREEPORT COMMERCIAL AND INDUSTRIAL) - THAT IDC IS NOW
CONSIDERING FIGHTING CONSENT DECREE RATHER THAN
SIGNING IT. DECISION TO NOT SIGN WOULD BE BASED ON
FOLLOWING FACTORS:

2. (A) ST. GEORGE AND HAYWARD ARE CONCERNED WITH NATURE
OF AGREEMENT THEY ARE BEING ASKED TO SIGN. THEY BELIEVE
IT IMPLIES THEIR COMPLICITY IN WRONGDOING WHEREAS THEY
TAKE THE POSITION THAT IN FACT THEY HAVE ACHIEVED A
COMPLETE RESTITUTION OF THE FUNDS FROM A QUOTE CROOKED
AMERICAN UNQUOTE; DOLS 3 MILLION BAHAMIAN DOLLARS WERE REPAID
WHICH THEY BELIEVE IS UNPRECEDENTED.

(B) ST. GEORGE RAISED THE QUESTION OF THE PROPRIETY OF
SIGNING A CONSENT DECREE SINCE THE GCOB HOLDS SHARES IN IDC.
ACCORDING TO GOVERNOR OF CENTRAL BANK (AS QUOTED BY
ST. GEORGE) WHO IS ALSO MEMBER OF IDC BOARD - THE GCOB
COULD NOT BE PARTY TO A CONSENT DECREE WHICH WOULD THEN
BE UNDER THE JURISDICTION OF A DISTRICT COURT. GCOB
WOULD ALSO BE OPPOSED TO HAVING AN AUDIT REPORT MADE
PUBLIC. WHETHER GCOB CONCERN FOR PUBLICITY IS BECAUSE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NASSAU 01077 071615Z

IT BELIEVES RESULT WOULD BE AN UNFAIR SMEARING OF

REPUTATION OF BAHAMAS OR BECAUSE THEY FEAR IT MIGHT IN FACT CONTAIN DAMAGING INFORMATION, WHICH, AS ST. GEORGE PUT IT, WITH AN ELECTION COMING UP THE QUOTE TIMING COULDN'T BE WORSE UNQUOTE IS ANYONE'S GUESS. BY FIGHTING THE DECREE ST. GEORGE MADE IT CLEAR THEY HOPE TO DELAY ISSUE UNTIL AFTER ELECTIONS.

(C) ST. GEORGE EXPRESSED CONCERN THAT WHAT HE BELIEVED TO BE A BINDING LAWYERS' AGREEMENT CONCERNING THE SUBPOENA OF GOLDSMITH BY SEC SUFFERED A GENUINE BREACH OF GOOD FAITH WHEN GOLDSMITH DESPITE A CONTRARY AGREEMENT WAS SUBSEQUENTLY SUBPOENED BY SEC. ST. GEORGE OPENLY CHALLENGED CREDITABILITY OF SEC.

3. ACCORDING TO ST. GEORGE IDC INTENDS TO ENGAGE HOWARD HUGHES' FORMER LAW FIRM, CHARLES DAVIS AND COX, 1900 AVENUE OF THE STARS, LOS ANGELES TO HANDLE SEC MATTER.

4. AMB TOOK POSITION THAT WE COULD NOT COMMENT ON QUESTIONS RAISED AS WE DID NOT HAVE THE FACTS NOR WOULD IT BE APPROPRIATE TO DO SO AS IT IS AN SEC MATTER.

5. COMMENT: AS EMBASSY WILL REPORT SEPARATELY AMB HAD A LONG AND HIGHLY USEFUL EXCHANGE WITH ST. GEORGE AND HAYWARD ON PLANS FOR REJUVENATING FREEPORT. SINCE THESE ARE THE TWO KEY PEOPLE IN FREEPORT WE EXPECT TO CONDUCT A CONTINUING DIALOGUE WITH THEM. WHILE WE WILL ATTEMPT TO STEER AWAY FROM SEC MATTER IT IS BOUND TO CONTINUE TO ARISE IN OUR CONVERSATIONS. ACCORDINGLY EMBASSY WOULD APPRECIATE IN GENERAL BEING KEPT UP-TO-DATE ON THIS MATTER AND IN PARTICULAR RECEIVING DEPARTMENT'S COMMENTS ON QUESTIONS RAISED BY ST. GEORGE CONCERNING EFFECT GCOB BEING SHAREHOLDER HAS ON WAY CASE IS HANDLED.
WEISS

NOTE BY OC/T: DISTRIBUTION COORDINATED WITH MR. HOGANSEN, S/S-O.

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BRIBERY, INVESTIGATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976NASSAU01077
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760261-0994
From: NASSAU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760784/aaaacvsj.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 NASSAU 925
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 12 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 JUL 2004 by saccheem>; APPROVED <21 OCT 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INTERCONTINENTAL DIVERSIFIED COMPANY AND SEC INVESTIGATION
TAGS: PFOR, PINT, EINV, BF, US, ICD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006